

Message Text

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ACTION NEA-10

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FM AMEMBASSY MANAMA BAHRAIN
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AMEMBASSY ABU DHABI UAE
AMCONSUL DHAHRAN SAUDI ARABIA
AMEMBASSY DOHA QATAR
AMEMBASSY ISLAMABAD PAKISTAN
AMEMBASSY JIDDA SAUDI ARABIA
AMEMBASSY KUWAIT KUWAIT
AMEMBASSY NEW DELHI INDIA
JUQMHR/AMEMBASSY TEHRAN IRAN 944
AMEMBASSY MUSCAT OMAN

LIMITED OFFICIAL USE MANAMA 1133
AABU DHABI PLEASE PASS DEPT. OF LABOR

E.O. 11652: N/A
TAGS : ELAB, SWEL, ECON, BA
SUBJECT : MAJOR AMENDMENT TO SOCIAL INSURANCE LAW:
EXPATRIATES EXCLUDED

REF : 76 MANAMA 1371

1. AFTER MONTHS OF INTENSE LOBBYING THE FOREIGN AND LOCAL
PRIVATE SECTOR HAVE SUCCEEDED IN CONVINCING THE CABINET TO
AMEND THE SOCIAL INSURANCE LAW OF AUGUST 1976 TO EXCLUDE
EXPATRIATE LABOR. THE BAHRAIN CHAMBER OF COMMERCE AND IN-
DUSTRIES AS WELL AS MAJOR FOREIGN FIRMS, SUCH AS BROWN AND
ROOT AND GRAY MACKENZIE, HAVE TAKEN THE LEAD IN CONVINCING
THE CABINET THAT THE INCLUSION OF EXPATRIATES WAS A SERIOUS
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MISTAKE WHICH WOULD PROVE A GREAT BURDEN TO THE BAHRAINI
ECONOMY AND WHICH WAS UNWELCOMED EVEN BY THE EXPATRIATES THE
LAW SOUGHT TO PROTECT.

2. THE SOCIAL INSURANCE LAW, AFTER NINE MONTHS OF APPLICATION,
STILL COVERS ONLY THOSE EMPLOYED IN FIRMS OF MORE THAN ONE
THOUSAND EMPLOYEES. IN PRACTICAL TERMS, THIS MEANS 10,500

BAHRAINIS, AND 12,500 EXPATRIATES (TWO THOUSAND EUROPEAN AND AMERICAN AND TEN THOUSAND ASIAN AND ARAB, MOSTLY PAKISTANI AND INDIAN).

3. THE MINISTER OF LABOR AND SOCIAL AFFAIRS HAS FOUGHT A REARGUARD ACTION TO TRY TO PRESERVE THE LAW AS PROMULGATED LAST AUGUST BUT HIS SHAIKHLY CABINET SUPPORTERS (IMPORTANTLY INCLUDING THE PRIME MINISTER WHO PREMATURELY FORCED THROUGH THE LAW LAST SUMMER (SEE REFTEL)), DESERTED HIM IN MARCH.

4. COMMENT: ON BALANCE, DESPITE GROANS FROM THE ILO, PROBABLY A WISE DECISION. THE LAW AS SUCH HAD NO EXPATRIATE CONSTITUENCY IN BAHRAIN, NOT EVEN THOSE WORKERS IT OSTENSIBLY PROTECTED. MOST OF THE EUROPEANS ALREADY PARTICIPATE IN SOME SORT OF SOCIAL INSURANCE/SECURITY SYSTEM IN THEIR OWN COUNTRIES AND MOST OF THE ASIANS ARE HERE FOR THE MAXIMUM SHORT-TERM SAVINGS. THEIR SECURITY BEING THE GOLD, LAND AND HOMES THEY BUY AT HOME WITH THE MONEY SAVED WHILE HERE. EMPLOYERS, WHO WERE ASSESSED ELEVEN PERCENT OF MONTHLY SALARY (WITH EMPLOYEES PAYING SEVEN PERCENT), WERE UNIFORMLY OPPOSED TO THE LAW. FOR LOCAL POLITICAL REASONS THEY COULD NOT VOICE THEIR OPPOSITION TO THE ENTIRE LAW AS IT AFFECTS BAHRAINIS, BUT THEY COULD AND DID ACTIVELY OPPOSE THE INCLUSION OF EXPATRIATES.

5. ASIDE FROM MINISTRY OF LABOR OFFICIALS, WHO APPEAR QUITE CHASTENED AND BITTER, THE BIGGEST LOSERS APPEAR TO BE THE GAGLE OF EGYPTIAN LABOR ADVISORS AND LEGAL EXPERTS WHO CONCEIVED AND DRAFTED THE LAW WITH, IT IS WIDELY AND WE LIMITED OFFICIAL USE

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THINK CORRECTLY ARGUED, LITTLE KNOWLEDGE OF, OR INTEREST IN, THE REALITIES AND THE DYNAMICS OF THE SERVICE-ORIENTED BAHRAINI ECONOMY.
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Message Attributes

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Disposition History: n/a
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